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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

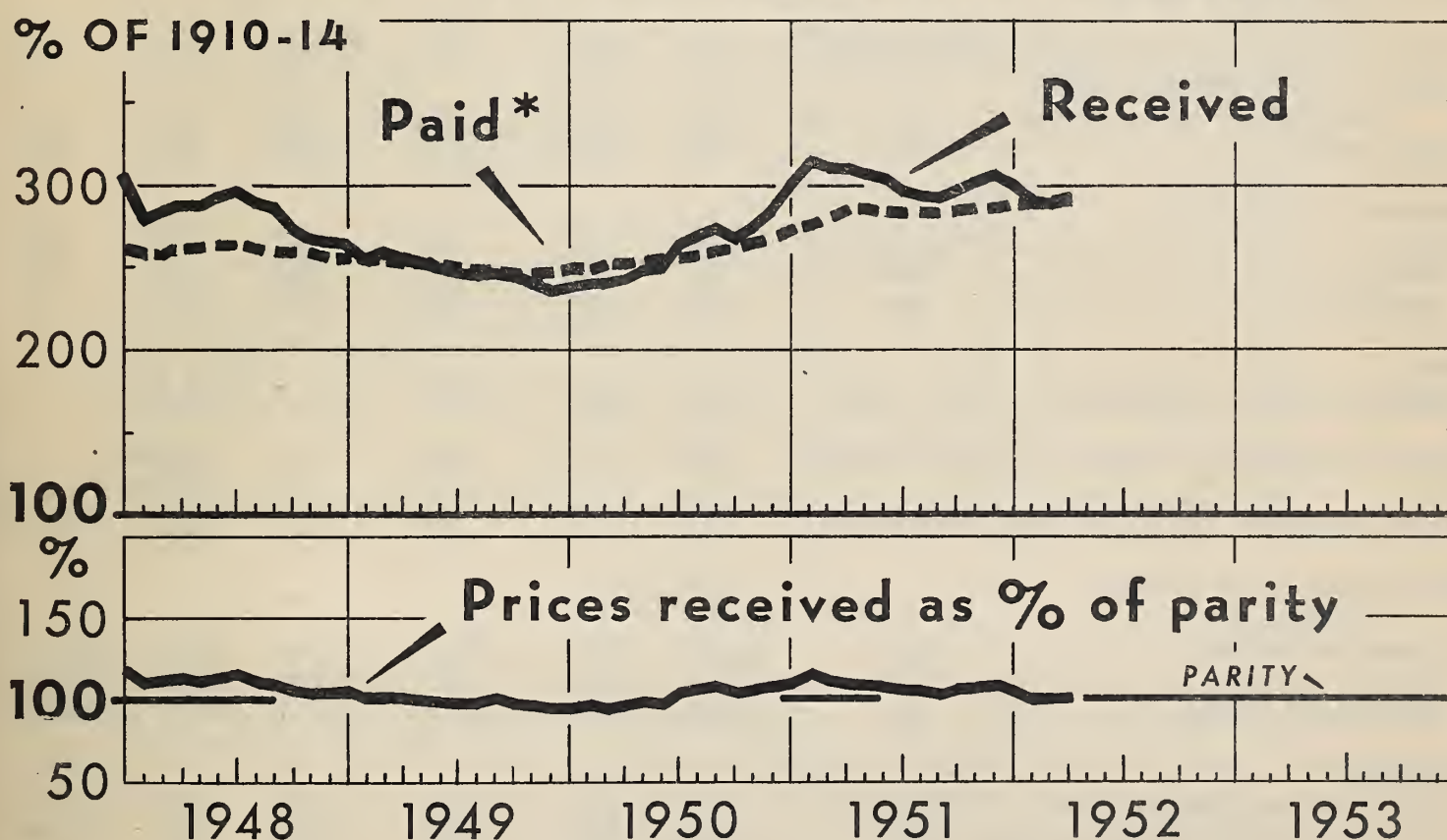
WASHINGTON, D. C.

BAE

APRIL 1952

1948 to Present

FARMERS' PRICES AND PARITY



* INCLUDES INTEREST, TAXES, AND WAGE RATES

U. S. DEPARTMENT OF AGRICULTURE

NEG. 48589-XX BUREAU OF AGRICULTURAL ECONOMICS

With the decline in prices of farm products and rising prices for items used in living and production in the past year, the parity ratio fell from 113 in February 1951 to 100 in February this year and it

remained at that level in March and April. The price-cost squeeze which developed during 1951 is likely to continue this year.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951			1952		
		Year	Mar.	Dec.	Jan.	Feb.	Mar.
Industrial production <u>1/</u>							
Total.....	1935-39=100	220	222	219	220	222	220
All manufactures.....	do.	229	234	228	230	232	230
Durable goods.....	do.	273	277	282	281	283	282
Nondurable goods.....	do.	194	199	185	189	190	188
Minerals.....	do.	164	158	163	167	167	164
Construction activity <u>1/</u> #							
Contracts, total.....	1947-49=100	171	163	166	161	156	
Contracts, residential.....	do.	170	176	145	142	163	
Wholesale prices <u>2/</u> #							
All commodities.....	1947-49=100	115	116	114	113	112	112
All commodities except farm and food.....	do.	116	117	115	114	114	114
Farm products.....	do.	113	118	111	110	108	108
Processed foods.....	do.	111	112	111	110	110	109
Prices received and paid by farmers <u>3/</u>							
Prices received, all products.....	1910-14=100	302	311	305	300	289	288
Prices paid, interest, taxes and wage rates.....	do.	281	280	284	287	288	288
Parity ratio.....	do.	107	111	107	105	100	100
Consumers' price <u>2/</u> <u>4/</u>							
Total.....	1935-39=100	186	184	189	189	188	188
Food.....	do.	227	226	232	232	228	228
Nonfood.....	do.	164	163	167	167	167	167
Income							
Nonagricultural payments <u>5/</u> ...	Bill. dol.	229.4	225.2	235.9	235.8	236.9	
Income of industrial workers <u>3/</u> ...	1935-39=100	427e	427	435	430	430	
Production worker pay rolls <u>2/</u> ...	1947-49=100	129	130	133	131	131	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	64.93	64.57	67.10	67.04	67.03	67.20
Durable goods.....	do.	69.91	69.30	72.71	72.28	72.27	72.38
Nondurable goods.....	do.	58.61	58.40	60.45	60.19	60.12	60.20
Employment							
Total civilian <u>6/</u>	Millions	61.0	60.2	61.0	59.7	59.8	59.7
Nonagricultural <u>6/</u>	do.	54.0	53.8	54.6	53.5	53.7	53.7
Agricultural <u>6/</u>	do.	7.0	6.4	6.4	6.2	6.1	6.0
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating.....	dollars	4,945	8,489	5,642	5,183		
Outgo, cash operating.....	do.	4,836	4,219	5,621	5,473		
Net cash operating income or outgo.....	do.	+109	+4,270	+21	-290		

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

#Revised series. e Estimated.

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SUMMARY

Rising expenditures for defense and a continued high level of business spending for investment are expected to result in a record rate of economic activity this year. Employment, wage rates, and incomes probably will continue to rise gradually and domestic demand for farm products in general will continue high. Exports of farm products, however, are expected to be smaller than in 1951.

The price-cost squeeze which developed during 1951 is likely to continue this year. During the general inflation in the last half of 1950 and in early 1951, prices for farm products rose more rapidly than cost rates and the parity ratio increased from 97 in June 1950 to 113 in February 1951. Since then, however, farmers' prices have dropped 7 percent while cost rates have continued to increase. By February of this year the parity ratio was down to 100 and it remained at that level in March and April.

Based on crop and livestock developments so far this year, farm marketings in 1952 are expected to be somewhat larger than in 1951. The index of prices received by farmers probably will continue somewhat lower than last year, but farm production costs will rise further to new record levels. Prices paid for farm machinery and motor vehicles, feed, fertilizer and seed are expected to average above last year. Taxes, interest and wage rates also will be higher.

Farm marketings probably will increase enough from last year to slightly more than offset the decline in prices received, and farmers' cash receipts in 1952 may be a little above the 32.8 billion dollars estimated for last year. Because of the increase in costs, however, net farm income is not likely to exceed and may well fall short of the 15 billion dollars reported for 1951. The purchasing power of this income probably will decline to a level lower than in 1951. Except for 1950, this would be the lowest since 1941. But nonagricultural income is expected to rise gradually from current levels and in 1952 the non-farm purchasing power, both in total and on a per capita basis, will be at or near record levels.

The level of economic activity this year will depend to a large extent on international developments and their influence on the U. S. economy. The projected rise in defense spending through 1952 assumes that the international situation will not change enough to materially modify the rate of defense build up or to touch off another wave of buying by consumers and business.

According to the Director of Defense Mobilization, the scheduled rise in spending for the defense program, although somewhat slower than previous goals, will continue upward to a peak annual rate of around 60 billion dollars by the end of the year and then level off. At that time national security expenditures may represent around 17 to 18 percent of the total flow of spending by Government, businessmen and consumers compared with about 14 percent in the first quarter of this year. The scheduled rise of approximately \$16 billion from the annual rate of \$4 billion in the fourth quarter 1951 to the end of 1952 is \$4 billion less than the increase in the corresponding period of the previous year.

Business investment in plant and equipment is likely to remain high this year although it may recede somewhat by the end of the year from the current record rate. Many of the defense-related capital expansion programs are only about half complete. This investment is being encouraged by various Government programs--accelerated tax amortization, guaranteed loans, etc.--and probably will continue. Recent surveys of businessmen's investment plans prepared jointly by the Securities and Exchange Commission and the Department of Commerce indicate capital expansion outlays in 1952 a little above the high level of 1951. But they also indicate some reduction in investment in the last half of this year. New housing starts in 1952 may total near a million units.

Business inventories were apparently still accumulating at a slow rate in the first quarter--largely in defense and related industries. Distributors' inventories in general have been reduced substantially in recent months. Although no major changes in inventory are anticipated in 1952, a continued gradual reduction in retail stocks may occur. In the last quarter of 1951, the annual rate of net inventory build up was approximately 5 billion dollars.

Consumer purchases are expected to pick up moderately in 1952. With prospects for higher wage rates and a further slight increase in employment as the defense program expands, consumer incomes after taxes probably will continue to rise during the year. The slowness in consumer buying since the second quarter last year has been accompanied by a substantial rebuilding of liquid assets mostly in the form of currency and bank deposits, increased holdings in savings and loan associations, insurance and securities. Purchases of nondurable goods, over bought following Korea, probably will revive somewhat in coming months. Supplies of basic metals have improved in recent months and if production continues to rise gradually, output of durable goods may be larger than was previously anticipated. Some price reductions have occurred and retail stocks of many commodities are down to a point where they appear to be about in line with sales.

Anticipated changes in expenditures for goods and services by the Government, businessmen and consumers indicate that the combined flow of spending by the end of this year may be around 4 percent larger than a year earlier. The rise in output is expected to be at least as large as the increase in spending in view of the large volume of new plant and equipment installed during the past year. Such an increase in output probably would limit any upward pressure on prices. But prices may continue to rise gradually in the metals and metal products industries where both demand and costs are increasing. Wholesale prices in general declined during the first quarter of 1952 and some further weakness may develop if prospects for a record output of farm and food products materialize.

The demand for farm products is expected to continue strong this year even though exports may be down from the high levels of last year. With rising wage rates and increased employment in 1952, consumer incomes after taxes probably will increase gradually over the year. Also, population growth is providing another 3 million new consumers.

A smaller volume of exports and slightly lower unit prices may reduce the value of agricultural exports in 1952 by about one-tenth from the relatively high level of last year, with prospects for a considerable reduction in exports of new crops in the last half of the year. Transportation difficulties and low quality wheat in Canada resulted in a reduction in Canadian exports and contributed to large U. S. exports of wheat in the first half of 1951. Fats and oils exports to Spain and Italy also were unusually large last year because of a short olive crop. These developments are not expected to recur in 1952. A decline in the gold and dollar reserves held by Britain has resulted in limitations on buying in dollar areas and probably will reduce tobacco exports this year compared to calendar 1951. Cotton exports in calendar 1952 may exceed the quantity exported last year but probably will be somewhat smaller than the near 6-million-bale annual rate so far in the 1951-52 marketing year.

Commodity Highlights

Meat production for the rest of 1952 is expected to remain above last year. Cattle production has been expanding in recent years and record numbers of beef cattle are on farms. Total marketings of cattle for slaughter in 1952 are expected to exceed last year, with more coming off grass. Hog marketings, large in the first quarter, are expected to be smaller than last

year in coming months. With demand for milk and dairy products continuing at a high level and supplies of dairy products smaller, prices received by farmers for milk and butterfat during the rest of 1952 will average higher than a year earlier. Egg production throughout 1952 probably will exceed the 1951 output. Egg prices for the remainder of the year probably will continue below a year earlier. Stocks of food fats in April were 46 percent above a year ago and the largest in many years. Supplies for the 1952-53 marketing year probably will again be large. Prices in April averaged less than 50 percent of a year ago and it appears likely that prices for some 1952-crop oil seeds may be close to support levels. Indications in early March point to a little smaller supply of feed grains in 1952-53. Smaller carry-over stocks may approximately offset the indicated larger production. The number of grain-consuming livestock also is expected to be down slightly. Unless the growing season is unusually favorable, feed grain prices probably will again remain generally above support levels. Another large wheat crop is in prospect this year if growing conditions are average. Prices for the year should average near the announced loan level as they did in 1951-52. With prospects for another large crop of deciduous fruits and large carry-over stocks of canned fruits, grower prices for the 1952 crop may average a little below 1951. Citrus prices, in general, probably will continue lower than in the spring of 1951. Spring supplies of commercial truck crops may be smaller than a year earlier. Canned vegetable stocks are relatively large. Production for processing this year probably will be smaller and prices a little lower than in 1951. Although farmers' intentions to plant in early March indicated little increase in the supply of potatoes, relatively high prices may encourage growers to plant a larger acreage. The short supply situation for sweetpotatoes may continue in the 1952 marketing year. Prospects for dry edible beans indicate a smaller supply and somewhat higher prices in the 1952-53 marketing year. An indicated smaller crop of dry peas in 1952 may result in some price increase. The supply of cotton from the 1951-52 marketing season is estimated at 17.4 million bales with a probable disappearance of 15.5 million bales. Carry-over stocks on August 1, 1952 may be the smallest in 26 years. Consumption of wool in the early months of this year continues to be below corresponding months of last year. The total supply of flue-cured and Burley tobacco in 1952-53 may be 4 or 5 percent above the preceding year. Output of cigarettes in 1952 is likely to approach last year's record output.

RECENT ECONOMIC DEVELOPMENTS AND PROSPECTS FOR 1952

Economic developments over the past year centered about the expansion in the defense program and the industries supporting it. Rising expenditures for defense and activities directly related to the security program are expected to assure a high rate of economic activity during the rest of 1952. But economic developments this year probably will differ in several respects from those of the past year.

International developments and the reactions of the Government, businessmen and consumers to them will continue as major influences on economic conditions in 1952. Unless the international situation changes

materially, defense expenditures in the United States are likely to continue to rise throughout the year. An easing in international tensions could result in some reduction in economic activity but probably would not greatly modify the Defense Mobilizers' goal of "strength for the long run". As defense expansion approaches the "plateau" level around early 1953 and related investment programs begin to taper off, prices may be more vulnerable to downward pressure.

Industrial productive capacity was expanded rapidly over the past year and during 1952 supplies of most basic commodities and their products should improve materially. As a result a moderate increase in total spending by the Government, businessmen and consumers is not expected to exert much upward pressure on prices. However, rising employment, wage rates, and incomes together with recently accumulated savings in liquid forms set the stage for another buying wave by consumers and business should it be touched off by unforeseen developments.

TOTAL DEMAND: Expanding Defense and Investment Spending

The aggregate flow of spending by consumers, businessmen and the Government from early 1951 to the first quarter of this year rose by a moderate 6 percent compared with the gain of over 20 percent which occurred in the previous year largely as a result of the outbreak in Korea. The defense-stimulated increase in Government spending and business investment in plant and equipment during 1951 was only partly offset by a drop in residential housing and in the rate of inventory build-up. The rate of consumer spending was off sharply in the second quarter of last year, but by the end of the first quarter of this year had approximately regained the level of a year earlier.

The Defense Build Up

National security spending rose from an annual rate of 29 billion in the first quarter of last year to nearly 48 billion in the opening quarter of this year. This rise and the investment program which it stimulated accounted for much of the increase in total spending during 1951. Defense expansion was directed primarily toward the building up of basic productive capacity rather than turning out of military goods. Nevertheless, deliveries of military hard goods in the first quarter this year were up 38 percent from the previous quarter and were nearly 6 times the rate in the third quarter of 1950 following the Korean invasion.

Although the rise in total Government spending was substantial during calendar 1951, it was somewhat less than scheduled earlier in the year. And, with incomes rising and tax rates generally higher, total Government revenues rose even more rapidly, exceeding expenditures for goods and services, transfer payments, interest payments, and subsidies by around 9 billion dollars. The Federal cash surplus for 1951 which is not measured on an accrual basis, was estimated at 1.3 billion dollars.

Table 1.- Government expenditures for goods and services, first quarter 1951 to first quarter 1952, seasonally adjusted annual rates

Item	1951				1952
	I	II	III	IV	I 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Government expenditures for					
goods and services.....	53.2	60.3	67.7	70.7	74.5
National security 2/.....	28.7	35.1	41.6	43.9	47.6
Other 3/	24.5	25.2	26.1	26.8	26.9

1/ Estimates based on incomplete data; by Council of Economic Advisers. 2/ Includes expenditures for military services, international security and foreign relations (except foreign loans), atomic energy, merchant marine, and promotion of defense production and economic stabilization; excludes Federal Government sales. 3/ Residual: Mostly expenditures by State and local Governments and a small amount of "other Federal".

Department of Commerce (except as noted).

Defense spending in 1952 is scheduled to rise to a peak annual rate of about 60 billion dollars by the end of the year and then level off, according to the "Plateau pattern of production" recently announced by the Director of Defense Mobilization. Present goals call for a substantial build up in the Air Force as well as further expansion in other branches of the Military Service. These schedules call for a doubling in the rate of output of military hard goods and construction from the end of 1951 to the end of this year and even greater increases for many items--combat aircraft, for example.

Total Government revenues also will rise but probably by less than the expected increase in combined spending. The deficit on combined financial operations by the Federal Government may be relatively large by the end of this year.

Divergent Trends in Investment

Under the stimulus of defense mobilization and a generally high level of sales, other backlogs and earnings, business spending for new plant and equipment was at a record rate in 1951. Investment outlays by business continued to rise throughout the year. A survey of business plans as of February and early March prepared jointly by the Securities and Exchange Commission and the Department of Commerce indicated capital expenditures for the first quarter about one-fourth above a year earlier and a little larger, after seasonal adjustment, than estimated for the fourth quarter of 1951. The rate of build up varied widely by industry. Greatest increases were registered for the basic industries and others directly supporting the defense program. In addition to prospects for relatively high earnings, investment in these industries was encouraged by special certificates for accelerated tax amortization, guaranteed loans, other financial assistance, and material allocations.

According to the survey, investment outlays in manufacturing in the first quarter may be up 45 percent from a year earlier with durable goods industries up about 75 percent and those producing nondurables up about one-fifth. Planned investment outlays for primary iron and steel and non-ferrous metal industries during the first quarter of 1952 was more than 2.5 times the rate in the first quarter of last year. Increases indicated were substantial for most other durable goods industries. Outlays planned for the first quarter by producers of nondurables indicated combined investment for petroleum and coal and rubber and chemical industries around 50 percent larger on the average than a year earlier while investment outlays for food and textiles combined may be down one-tenth from the first quarter last year. Mines, railroads, and electric and gas utilities also planned investment expenditures in the first quarter higher than a year earlier while no change was indicated for the large commercial and miscellaneous industry group.

Prospects for 1952 indicate business investment in new capital will continue high. Many of the capacity goals for defense-related industrial expansion to be finished by 1954 and 1955 are less than half complete. These investment plans are being encouraged by the various Government programs referred to above and probably will continue to expand. Recent surveys of business investment intentions indicate that, after adjustment for seasonal variation, business outlays for new plant and equipment in the first two quarters of 1952 will be larger than in the fourth quarter of 1951. They also indicate that outlays in the second half will be only slightly lower than in the first 6 months. On this basis, total business investment outlays for the year may average about 4 percent above 1951. As may be expected, the durable goods industries planned the largest increases among the major industry groups. Commercial and miscellaneous industries were the only major group scheduling lower capital outlays than in 1951. With an easing in basic metal supplies and fewer building restrictions, commercial investment outlays may be higher than indicated by the intentions report.

New Home Demand

Residential construction last year totaled about 1.1 million new units, compared with the record 1.4 million new units started in 1950. The reduction apparently was due largely to direct controls on real estate credit, a general tightening in mortgage credit as long-term interest rates rose and relatively high prices for new homes. Outlays for nonfarm housing dropped nearly a fourth from the first to the third quarter of 1951, then picked up a little after the relaxation of credit controls in September. New residential construction activity so far this year has been large--probably at a seasonally adjusted annual rate of nearly 1 million units.

Housing starts in 1952 may be maintained near this rate if there are no substantial changes in supply prospects for building materials, new home prices, available mortgage funds, and controls on realty financing. A recent survey of consumer buying plans for 1952, reported by the Federal Reserve Board, suggests that the number of new homes purchased may be about the same as or only slightly less than in 1951.

Inventory Demand Sharply Lower

Following the outbreak of hostilities in Korea, the wild scramble for available goods by businessmen and consumers contributed in large measure to the rapid rise in prices. By the first quarter of 1951 inventories were being accumulated at an annual rate in excess of 10 billion dollars. With the drop in consumer buying in the second quarter, inventories were increased at an unprecedented annual rate of nearly 16 billion dollars. Total business inventories have continued to accumulate since then, but the build up has been much slower, represented largely by inventories of manufacturers supporting defense and capital expansion programs. Retailers and distributors began liquidating inventories in the second quarter of last year.

Assuming no major outbreak of war in 1952, it appears likely that there will be no substantial change in business inventories this year, although some further reduction may occur at the retail level.

Net foreign investment, though small compared to total spending, increased 4 billion dollars (annual rate) from early 1951 to the first quarter of this year. This rapid rise resulted largely from increased U. S. exports and a reduction in the value of U. S. imports due both to a smaller volume and substantial price declines for wool, rubber, hides, tin and other raw material. Smaller exports and some pick up in imports are in prospect for this year. Changes in net foreign investment in 1952 probably will be relatively small.

In summary, total spending for capital expansion, exclusive of inventory accumulation, rose substantially from early last year to the first quarter of 1952. But, gross private domestic investment which reflects the drop in the rate of inventory accumulation was down about 10 percent according to preliminary estimates for the first quarter.

Table 2.- Gross investment, domestic and foreign, first quarter 1951 to first quarter 1952, seasonally adjusted annual rates

Item	1951				1952
	I	II	III	IV	I 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Producers' durable equipment	25.9	27.2	27.0	29.3	--
Construction	23.8	22.7	21.6	20.7	--
Residential, nonfarm	12.9	10.9	9.8	10.1	--
Other	10.9	11.7	11.8	10.6	--
Net change in business inventories	10.6	15.8	8.0	4.9	--
Gross private domestic investment	60.2	65.6	56.6	54.6	54.0
Net foreign investment	-2.7	-0.1	1.2	2.5	1.5
Gross investment	57.6	65.6	57.8	57.1	55.5

1/ Estimates based on incomplete data; by Council of Economic Advisors. Department of Commerce (except as noted).

With a moderate cut-back later this year from current high levels of investment and some further reduction in the rate of inventory accumulation and in net foreign investment, combined investment outlays by the end of the year probably will be down somewhat from current levels.

Consumer Buying: A Persistent Lull

Consumer demand dropped off abruptly in the second quarter of 1951 following the two waves of scare-buying touched off by hostilities in Korea and prospects for shortages and higher prices. However, expected shortages did not fully materialize and with the inauguration of price stabilization in January last year, the incentive to "beat the price rise" was not so strong. Other forces also contributed to the dampening in consumer demand: Two tax increases in 1950 and another in September 1951 as well as credit controls on consumer durables and residential housing. The abrupt drop in consumer buying made accumulated inventories generally burdensome. The resulting sharp cut back in civilian output contributed materially to relative stability in output and a general lack of pressure on productive facilities as the economy shifted to defense production in 1951.

There apparently was no general lack of purchasing power contributing to the fall in consumer buying. With sustained employment and rising wage rates, consumer incomes after taxes continued to rise through the last quarter of 1951. A preliminary estimate of \$226.5 billion for the first quarter of the year is a little below this record, but still is almost 5 percent above a year earlier. Due partly to material restrictions, purchases of consumer durable goods in the first quarter were at an annual rate approximately one-fifth below that of a year ago according to preliminary estimates. Non-durable purchases declined a little then rose and currently probably exceed levels of a year ago. Expenditures for food and beverages were up a little over the period while estimated outlays for services indicate that they rose about 5 percent. Total expenditures picked up gradually from the second quarter low to an annual rate in the first quarter of 1952 approximating the 209 billion dollars reported a year earlier.

Rising incomes and reduced consumer buying resulted in a substantial increase in consumer savings. The rate rose from 4 percent in the opening quarter of last year to around 9 percent of disposable income for the remainder of the year. The saving rate in the first quarter of 1952 may be around 8 percent of disposable income. Available information suggests that a substantial part of the savings in recent quarters went into liquid assets such as currency and bank deposits, increased holdings in savings and loan associations, insurance, and securities. Liquidation of mortgage debt was also at a relatively high rate.

A moderate pick up in consumer buying from current levels seems likely during the remainder of 1952. Some further increase in employment and wage rates are expected to contribute to a gradual rise in consumer income, after taxes, between the first and last quarter this year. In addition, recent high rates of saving have helped to rebuild liquid asset reserves. Retail and distributor stocks have been worked down substantially in recent months. Moreover, consumer goods, bought heavily in 1950 and early 1951, are wearing out and will be replaced.

Table 3.- Consumer income, spending and saving, first quarter 1951
to first quarter 1952, seasonally adjusted
annual rates

Item	1951				1952
	I	II	III	IV	I 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Disposable personal income	216.5	221.8	224.9	227.2	226.5
Consumer expenditures for goods and services	208.8	202.4	204.0	206.7	209.0
Durable goods	31.3	25.9	25.2	25.0	25.0
Nondurable goods	112.1	110.1	111.5	113.6	115.0
Services	65.4	66.5	67.3	68.1	69.0
Personal saving	7.8	19.4	20.8	20.5	17.5

1/ Estimates based on incomplete data; by Council of Economic Advisers.
Department of Commerce (except as noted).

This anticipated rise in consumer buying would not result in a substantial change from the current spending-saving pattern. Restricted supplies of basic metals may continue to limit production of some civilian goods. However, the metal supply picture improved rapidly this spring. Passenger car output in the first quarter totaled 950,000 units. Over a million units have been authorized for each of the second and third quarters of 1952. Allotments of steel for production of major consumer appliances have been increased and output in the first quarter was estimated at about 70 percent of the average for 1950. Higher allotments of basic metals have also been made for these goods in coming quarters.

Combined Spending Higher

Preliminary estimates indicate that this varied pattern of demands for goods and services by Government, business and consumers resulted in total spending at an annual rate of \$339 billion in the first quarter of this year. This would be a gain of nearly 20 billion dollars over early 1951, with consumer buying about the same and gross investment spending down about 2 billion dollars. But Government spending rose by around 21 billion dollars over the period to an estimated annual rate of 74.5 billion in the first quarter 1952. Less than half of the 6-percent gain in total spending for final products was due to higher prices.

At the close of this year the combined flow of spending is expected to be higher than the first quarter rate. A continued rise in Government defense spending and the expected small gain in consumer buying may be partly offset by an anticipated reduction in gross investment spending. With a moderate increase in output, the anticipated rise in total spending probably would not result in any upward pressure on the general level of prices.

Table 4.- Gross national product and major components, first quarter 1951 to first quarter 1952, seasonally adjusted annual rates

Component	1951				1952
	I	II	III	IV	I 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Gross national product.....	319.5	328.2	329.5	334.6	339
Personal consumption					
expenditures.....	208.8	202.4	204.0	206.7	209
Gross private domestic					
investment.....	60.2	65.6	56.6	54.6	54
Net foreign investment.....	- 2.7	- .1	1.2	2.5	1.5
Government purchases of goods					
and services.....	53.2	60.3	67.7	70.7	74.5

1/ Estimates based on incomplete data; by Council of Economic Advisers.

Department of Commerce, (except as noted);

OUTPUT AND EMPLOYMENT: The Shift To A Defense Economy

Total output of goods and services apparently rose a moderate 3 to 4 percent from first quarter 1951 to the beginning quarter this year. Total employment was up very slightly--less than 1 percent. But this relative stability conceals some very substantial shifts of productive resources from civilian to defense and related activities over the past year. As indicated above, the cut back in civilian output as a result of the retrenchment in consumer buying and the liquidation of inventories released resources for defense and related production and also caused substantial amounts of unemployment in areas producing primarily for the civilian market. Governmental controls also facilitated the shift toward production of defense goods.

Output of factories and mines averaged 221 percent (1935-39=100) in the first quarter, the same as a year earlier and 5 points above the third-quarter low. Production of durable goods in total rose only 4 percent over the period but output of consumer durables, a major part of this component, was down about one-third. Machinery production was up 9 percent. Transportation equipment increased 5 percent despite a reduction of about 40 percent in passenger car assemblies, indicating a substantial growth for aircraft and other noncivilian equipment. Production of major consumer appliances was more than a fourth lower and radio and television output was off about 46 percent.

Nondurable goods output, at 189 percent (1935-39=100) in the first quarter was off 11 points from a year earlier. Textiles and leather products were down 18 and 12 percent, respectively, but small gains were registered for such industries as petroleum and coal products, chemicals, and rubber.

Changes in employment followed closely the shifts in output although the total for the year ending in the first quarter of 1952 was relatively stable. Employment more than doubled in the ordnance industries, and rose 46 percent in aircraft. On the other hand, employment declined nearly one-fifth in the automobile industry, 8 to 10 percent in textile and leather industries, 5 percent in apparel and finished textiles and about 4 percent in the food products industries.

Table 5.- Indexes of industrial production by major groups, first quarter 1951 and 1952

Industry	Adjusted for seasonal variation			
	First quarter 1951	First quarter 1952	Percentage change	
			Percent	
Total industrial production (1935-39=100).....	221	221	0	
Durable manufactures.....	272	282	+	
Iron and steel.....	257	261	+	
Machinery.....	328	357	+	
Transportation equipment.....	301	315	+	
Lumber and products.....	170	159	-	
Stone, clay and glass products.....	239	220	-	
Nondurable manufactures.....	200	189	-	
Textiles and products.....	192	157	-	
Leather products.....	118	^{1/} 104	-	
Petroleum and coal products.....	270	280	+	
Chemical products.....	289	296	+	
Rubber products.....	239	246	+	
Minerals.....	160	166	+	
Consumer durable goods (1947-49=100).....	154	101	-	
Passenger cars.....	154	95	-	
Major appliances.....	136	96	-	
Radios and television.....	284	154	-	

^{1/} Average of January and February.

Many of these shifts in production and employment will continue this year as demands for the security program expand. However, with prospects for a moderate pick up in consumer buying, somewhat more residential construction than previously anticipated, and the increased availability of metals, industrial production is expected to rise. Much of the inventory backlog has been worked off and, if sales rise moderately, output of consumer goods should also increase.

PRICES LOWER: Trends Mixed

The general level of prices for consumer goods and services rose gradually over the past year. However, substantial declines were registered for basic commodities and wholesale prices averaged lower. The index of 28-basic-commodity prices in the first quarter was 18 percent below a year earlier as basic import commodities were off a fourth, raw industrial commodities were down a fifth and food fell 10 percent. These declines accompanied the easing in world demand and improved supply prospects. As threats of full scale war lessened and prices stabilized, speculative buying and stockpiling of many products ceased.

The all commodity wholesale price index declined about 3 percent from first quarter levels a year ago but among the major groups, prices for hides, skins, and leather and textile products and apparel were substantially lower; while prices of rubber products, farm products, chemicals, and lumber and wood products ranged from 5 to 7 percent lower. The price declines for these products reflect some weakening in consumer demand especially for textiles and leather, an easing in world demand for rubber, inventory liquidation of some products and a generally improved supply situation especially for rubber, hides, cotton, wool and farm products in general. Machinery, metals and metal products were firm to a little higher over the period.

Table 6.- Indexes of retail, wholesale and basic commodity prices, selected groups, first quarter 1951 and 1952 with percentage change

Group	First quarter 1951	First quarter 1952	Percentage change
			Percent
<u>28 basic commodities (Aug. 1939=100)</u>			
General index	385.0	313.9	- 18
Raw industrial	375.3	301.6	- 20
Imported commodities	426.1	319.0	- 25
Foodstuffs	399.6	359.4	- 10
<u>Wholesale prices. (1947-49=100)</u>			
All commodities	116.0	112.6	- 3
Farm products	115.7	108.7	- 6
Food, processed	111.7	109.6	- 2
Chemicals and allied products	111.9	106.0	- 5
Fuel and lighting materials	107.0	107.3	1/
Furniture and other household durables:	114.6	112.3	- 2
Hides, skins and leather products	127.3	99.9	- 22
Lumber and wood products	126.2	120.3	- 5
Machinery and motive products	117.9	121.6	+ 3
Metals and metal products	123.6	122.5	- 1
Rubber and products	154.3	143.1	- 7
Textile products and apparel	115.4	102.0	- 12
<u>Consumers' prices (1935-39=100)</u>			
Total	183.3	188.3	+ 3
Food	224.7	229.2	+ 2
Nonfood	161.7	166.8	+ 3

1/ Less than 0.5 percent increase.

Although most wholesale prices have declined from a year ago, consumer prices for all items last quarter averaged nearly 3 percent above a year earlier. Retail food prices in urban centers are beginning to reflect lower wholesale prices for farm products and apparel prices have receded from the peak levels of last fall. Rents and average prices for the fuel, electricity, and refrigeration component of living costs continue to inch upward.

Economic trends for 1952 suggest little change in prices. However, prices are likely to continue to rise gradually in the defense-related segments of the economy where both demand and costs are rising. If prospects for larger supplies of food and farm products in general materialize, prices of these groups of commodities are expected to average a little below last year even though consumer incomes after taxes continue to rise moderately during the year.

FARM PRODUCTS: Demand, Supply, and Price Prospects

A high level of demand is in prospect for farm products this year. As indicated above, an expanding defense program and a continued high level of business spending for capital expansion probably will result in a record rate of economic activity. Hourly earnings in manufacturing industries in the first quarter averaged over 5 percent above a year earlier and probably will rise further. Although higher wage rates are in prospect for steel and some other major industries, increases this spring may not be as general as a year ago because of slackness in several industries. With a moderate increase in employment and wage rates, consumer incomes after taxes this year are expected to exceed the 1951 average. Also population growth is adding another 3 million new consumers.

Foreign Demand

With prospects for a moderate pick up in U. S. imports of goods and services and increased utilization of military aid, it now appears that the supply ^{1/} of gold and dollars available to foreign countries in 1952 will be a little larger than last year. However, due to the expected decline in economic aid, the total excluding the gain in military aid, may be about the same as for 1951.

The foreign supply of gold and dollars is an important factor affecting total U. S. exports, but these dollars may be used in a number of different ways. Foreigners may buy farm or nonfarm products, make investments in the United States, pay debts owed to this country, build up foreign reserves, etc. Changes in foreign holdings of gold and dollars also affect the export market for U. S. products indirectly by influencing foreign import and dollar exchange controls. A reduction in the foreign supply of gold and dollars may result in restrictions on imports of goods from dollar areas or restrictions on the amount of dollar exchange which its citizens are permitted to spend. On the other hand, an increase in foreign holdings of gold and dollars may cause a relaxation in import restrictions and dollar exchange controls.

^{1/} The supply consists primarily of holdings at the beginning of the year, dollars received during the year from U. S. imports of goods and services, U. S. Government foreign grants and loans for military and economic aid, and foreign produced gold.

Smaller Agricultural Exports Expected

Exports of farm products were valued at 4.0 billion dollars in 1951, up 40 percent from the previous year. But the estimated volume of exports increased only 20 percent indicating a substantial rise in export prices (unit values) from 1950 to 1951. The value of food exports in 1951 was up 63 percent from 1950, reflecting very large increases in exports of grains from 1950. Food exports in 1950 were low relative to other postwar years. Nonfood exports were about 20 percent larger. Preliminary information indicates that a substantially smaller proportion of farm-product exports were financed with foreign aid dollars in 1951 than a year earlier.

Table 7.- Value of exports of United States agricultural products in specified periods

Period	Cotton including linters	Tobacco unmanu- factured	Other agri- cultural non-foods	Grain and prepa- rations	Other foods	Grand total agri- cultural
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
<u>1935-39</u>						
Annual average.....	318	128	29	95	178	748
1946 Total.....	538	352	138	796	1,349	3,173
1947 Total.....	427	271	180	1,881	1,198	3,957
1948 Total.....	511	215	150	1,715	881	3,472
1949 Total.....	874	252	257	1,462	733	3,578
<u>1950</u>						
1st quarter.....	301	31	61	210	113	716
2nd quarter.....	297	44	60	182	142	725
3rd quarter.....	188	80	39	209	117	633
4th quarter.....	238	96	87	237	144	802
Total 1950.....	1,024	251	247	838	516	2,876
<u>1951</u>						
1st quarter.....	253	49	83	344	162	891
2nd quarter.....	262	49	117	448	210	1,086
3rd quarter.....	135	89	72	356	181	833
4th quarter.....	495	136	82	339	171	1,223
Total 1951.....	1,145	323	354	1,487	724	4,033

Prospects for agricultural exports this year suggest a drop in volume and possibly slightly lower average prices than in 1951. Exports of farm products from the 1952 crops are expected to be down considerably from the high levels of a year earlier. The combined value of exports in calendar year 1952, consequently, may be down by about one-tenth with a

rather large drop indicated for the second half of the year. Smaller exports of edible fats and oils are in prospect and at lower prices than last year. The unusually large exports of lard to the United Kingdom last year are not expected in 1952. Moreover, soybean oil exports to Spain and Italy last year were large because of a very short olive crop in 1950. These countries had a large olive crop in 1951 and are expected to take very little soybean oil this year. Some reduction from 1951 is looked for in the value of wheat and flour exports this year. Export prices may be a little higher but a smaller quantity is anticipated. Transport difficulties as well as a small supply of good quality milling wheat reduced Canadian wheat exports last year contributing to unusually large U. S. exports in the first half of 1951. However, a short Argentine and Australian wheat crop last season is helping to maintain relatively large wheat exports in the first half of this year.

The United Kingdom on June 30, 1951 had gold and dollars totaling 4.1 billion dollars, but in the last half of 1951 she lost 1.3 billion of these reserves. As part of a program to reduce this drain, the United Kingdom has announced sharp cuts in her imports from dollar areas in 1952. As a result the quantity of U. S. tobacco exports this year probably will be reduced from 1951.

Cotton exports for calendar 1952 are expected to exceed somewhat the quantity exported last year but may be smaller than for the 1951-52 marketing year. Exports this season are near a 6-million-bale annual rate compared with approximately 4 million bales in the previous marketing year. The high prices for foreign grown cotton compared to U. S. cotton during 1951, a relatively large U. S. crop in 1951, removal of export controls last September, and foreign loans by the Export-Import Bank for purchases of U. S. cotton, have contributed to a higher level of cotton exports this year.

Larger Supplies of Farm Products

Estimated marketings of farm products in the first quarter were up about 5 percent from a year earlier with substantial increases reported for oil-bearing crops and cotton. They were also larger for hogs and lambs, poultry and eggs, food grains, and citrus fruits.

The volume of marketings in 1952 is expected to total larger than in 1951 if growing conditions are near average. Increases in prospect for meat animals and for poultry and eggs probably will insure a larger total for all livestock and livestock products. Crop supplies will depend largely on the outcome of 1952 harvests. But marketings in the first half of this year are reflecting relatively large 1951 crops. Production based on average yields and farmers' intentions to plant as of March indicated a crop output somewhat below the goals but larger than in 1951. If these prospects materialize, a record output of farm products is expected this year.

Carry-over stocks of several commodities--feed grains, wheat, rice, dry beans, dairy products and cotton, for example--will be smaller, in some instances considerably smaller, at the close of the 1951-52 marketing year. Such reductions would partly offset some of the increases in production indicated for the 1952 crop. However, larger carry-over stocks are in prospect this year for food fats, canned fruits and vegetables, wool, and tobacco.

Farm Product Prices Lower

Prices received by farmers in the first quarter of 1952 averaged 5 percent below a year earlier. Livestock and livestock product prices were down 6 percent, reflecting a drop of about 10 percent for meat animals and poultry products, a drop of 48 percent for wool, and a 10 percent rise in dairy product prices. Average prices received for crops were down 4 percent.

Table 8.- Group indexes of prices received and paid by farmers,
first quarter 1951 and 1952 with percentage change

Group	First quarter 1951	First quarter 1952	Percentage change
	(1910-14=100)	(1910-14=100)	Percent
Prices received by farmers.....	308	292	- 5
Food grains.....	246	250	+ 2
Feed grains and hay.....	219	231	+ 5
Cotton.....	352	316	- 10
Tobacco.....	440	434	- 1
Oil-bearing crops.....	380	294	- 23
Fruit.....	199	172	- 14
Truck crops.....	307	273	- 11
Other vegetables.....	167	286	+ 71
All crops.....	278	267	- 4
Meat animals.....	415	375	- 10
Dairy products.....	284	313	+ 10
Poultry and eggs.....	208	186	- 11
Wool.....	611	317	- 48
Livestock and products.....	335	316	- 6
Prices paid, interest, taxes and wages.....	276	288	+ 4
Living.....	265	271	+ 2
Production.....	269	280	+ 4
Wages <u>1</u> /.....	450	498	+ 11

1/ Seasonally adjusted.

Lower average prices for oil-bearing crops, cotton, fruit and truck crops more than offset a moderate gain for food grains and feed grains and hay and an increase of 71 percent for "other vegetables"--potatoes, sweetpotatoes, and dry beans.

Even though the general level of consumer income rose gradually over this period, there was some weakening in demand particularly for inventory and speculative holding. However, to a large extent the price changes reflect changes in the supply situation for individual farm products--meat animals, poultry products, dairy products, other vegetables, oil-bearing crops, for example. In addition to the supply influence there apparently was some weakening in consumer demand for fats and oils and for textile products which contributed to the drop in wool, cotton and oil-bearing-crop prices. The demand for stockpiling and speculative buying in general this year is not the price making influence it was in the first quarter of 1951.

Specific ceilings at the farm level have been announced for only a few farm products, and prices of these products are below ceilings except potatoes. For the other products, prices received by farmers on April 15, with few exceptions, below the legal minimum at which ceilings can be imposed and in some instances near or below the announced support level for 1952 crops. Prices received by farmers in mid-April for wool, cottonseed, peanuts and dry edible beans averaged a little below announced support levels for 1952 crops. Wheat prices were near while prices for cotton and the major feed grains averaged a little above announced supports for 1952 crops. Early in April the Production and Marketing Administration announced it will offer to purchase temporary surpluses of pork and eggs which are resulting in unfavorable prices to producers. These products will be distributed this fall to non-profit school lunch programs and other eligible outlets.

Farm product prices in 1952 are expected to average a little lower than last year but near current levels. Although higher consumer incomes are anticipated, this supporting influence on prices probably will be more than offset by the depressing effects of a larger volume of farm marketings and reduced exports of farm products. Livestock and livestock product prices this year probably will average below last year with lower average prices for all groups except dairy products. Average crop prices may be near or a little lower than 1951.

Prices Paid by Farmers Higher

Prices paid by farmers for goods and services used in farm production will average higher in 1952 than last year. The parity index--prices paid including interest, taxes and farm wage rates--averaged 288 percent (1910-14=100) in the first quarter of this year, up 4 percent from a year ago. Items used in family living were up 2 percent, production items 4 percent and wage rates 11 percent. Farm wage rates as of April 1 reached a new high at 510 percent of the 1910-14 average, 6 percent above a year earlier. Prices for machinery and motor vehicles, feed, fertilizer, and seed are expected to average higher this year than last. Farm wage rates, taxes, and interest rates also will be higher. But prices paid for feeder livestock and lumber may be a little lower than last year. The current level of prices received and paid by farmers is near parity and no material change is in prospect for 1952 as a whole. The parity ratio for 1951 was 107.

Table 9.- Comparison of average prices received for selected commodities with legal minimums for ceilings and announced supports for 1952 crop

Commodity	Season average price		April 15, 1952		
	1950-51	1951-52	Support for 1952 crops	Legal minimum for ceiling prices	Average prices received
	Dollars	Dollars	Dollars	Dollars	Dollars
Tobacco					
Flue-cured.....	.547	.523	.506	-	-
Burley.....	.490	.512	.495	-	-
Wool (Grease basis).....	.573	.895	.542	.954	.499
Cotton.....	.4007	.376	1/2/.3091	.3949	.3730
Wheat.....	2.00	2.12	1/2.17	2.45	2.18
Feed grains					
Corn.....	1.53	1.68	1/1.60	1.78	1.68
Oats.....	.791	.845	.78	.944	.871
Grain sorghums.....	1.88	2.36	2.38	2.65	2.56
Oilseeds					
Cottonseed	86.40	69.90	66.40	90.90	60.80
Soybeans.....	2.47	2.75	2.56	3.06	2.72
Peanuts.....	.109	.105	1/.1197	.133	.103
Dry beans, edible.....	7.37	7.78	7.80	9.25	7.75

1/ Announced prices are minimum support prices. Actual support prices will be 90 percent of parity at the beginning of the marketing season provided they are not less than the announced minimum figures.

2/ Average for Middling 7/8 inch cotton. The support for Middling 15/16 inch cotton may approximate 32 cents per pound.

FARM-RETAIL PRICE SPREADS 1/

The farmer's share of the dollar that consumers spend for domestic farm foods in March was estimated at 49 cents, which compares with 51 cents in March 1951. This estimate of the farmer's share is based upon a comparison of the estimated retail cost of a market basket of farm foods with the net farm value of equivalent quantities of farm produce. Farm foods included in the market basket are equal to the average annual quantity purchased per family of three average consumers during 1935-39. Average expenditures for all foods per family is currently at a higher level than the retail cost of the market-basket foods because the market basket does

1/ For farm-retail price spreads data for earlier periods and for individual commodities and commodity groups, see The Marketing and Transportation Situation.

not include imported foods and nonfarm foods such as fishery products or food consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor does it allow for service costs on meals purchased in restaurants.

Table 10.-The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's dollar, February and March 1952, February and March 1951 and 1951 annual average

Year and month:	Retail cost 2/	Farm value 3/	Marketing charges 4/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951	722	361	361	50
1951 - Feb.....	726	371	355	51
Mar.....	724	367	356	51
1952 - Feb.....	726	354	372	49
Mar	725	355	369	49

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39.

2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics.

3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes plus Government payments to marketing agencies.

Charges for marketing the foods in the market basket were about 4 percent higher in March than a year earlier. This increase was offset by a 4-percent reduction in the farm value of these foods, and their retail cost remained practically unchanged.

Marketing charges in 1952 are likely to continue above the 1951 level. Hourly earnings of employees in food marketing enterprises averaged 5 percent higher in February than a year ago. The Interstate Commerce Commission recently authorized increases in rail freight rates which, it is estimated, will raise the general level of rates by about 7 percent. This follows increases of 4.0 percent in August and 2.4 percent in April 1951.

FARM INCOME

Outlook for 1952

Farmers' net income in 1952 is expected to be about the same as or somewhat smaller than the 14.9 billion dollars they realized last year. Gross farm income, which rose 14 percent in 1951, seems to be leveling off this year with increased output largely offset by lower average prices. On the other hand, farm production expenses, which rose 12 percent last year, are still rising though at a considerably slower rate.

Since prices paid by farmers for commodities they use for family living are currently averaging a little higher than last year, any decline in farmers' net income is likely to be fully reflected in their purchasing power. In fact, the purchasing power of farmers' total net income this year may turn out to be lower than in any of the previous 10 years except 1950.

Cash receipts from farm marketings, the principal element in farmers' gross income, may be slightly higher than the 1951 total of 32.8 billion dollars. If growing conditions are average, the total volume of farm marketings is expected to be somewhat larger than last year's volume--and probably larger than in any previous year. However, prices of farm products are likely to average a little lower than they were in 1951, offsetting most if not all of the expected increase in volume. Prices so far in 1952 have been 3 percent lower than the average for all of 1951.

Cash receipts from wheat and dairy products will probably be higher in 1952 than in 1951. With average yields and prices at about current levels, receipts from corn and cotton will also be higher. But receipts may be lower in the case of meat animals, eggs, flaxseed, soybeans, and some fruits. The outlook is generally a little more favorable for crops than for livestock, because their prices may hold up a little better and total sales of crops are expected to increase more than those of livestock and livestock products.

In addition to cash receipts from marketings, farmers' gross income includes the value of home-produced food and fuel, the rental value of farm dwellings, and Government payments. The total of these additional items will probably be about the same in 1952 as in 1951, so that farmers' total gross income will increase only to the extent that their cash receipts from marketings may increase.

The total cost of farm production will probably be moderately higher in 1952 than in 1951, with all the major expense items contributing to the rise except purchased livestock. Prices of feeder livestock are expected to average lower than last year, so that farmers' expenditures on this item may be down a little. On the other hand, increases of from 8 to 10 percent are expected in farmers' expenditures for feed and fertilizer. And smaller percentage increases are indicated for hired labor, tax payments, interest charges, rents, depreciation, and most of the other miscellaneous expenses.

Thus, any increase in farmers' gross income that may occur this year is likely to be offset by higher production costs. And it is quite possible that the latter may actually rise a little more than gross income.

Cash Receipts, January-April

Farmers received about 2.0 billion dollars from marketings in April, about the same as in March but a little less than in April a year ago. Prices averaged slightly higher than the previous month, but 6 percent below April of last year.

Receipts from livestock and products in April are estimated at 1.4 billion dollars, 3 percent above March but 9 percent below April 1951. Receipts from meat animals were slightly above March but 14 percent below last April. Dairy receipts were slightly above the previous month and 4 percent above a year ago. Although receipts from poultry and eggs were nearly 6 percent above March, they were about 8 percent lower than in April of last year.

Crop receipts in April were about 0.6 billion dollars, 7 percent less than in March but 23 percent more than in April 1951. Receipts from some of the principal crops were down seasonally, including cotton and hay.

Cash receipts in the first four months of 1952 totaled about 8.7 billion dollars, less than 3 percent above the corresponding period last year. Prices averaged a little lower than last year, but marketings were larger. Total receipts from livestock and products, estimated at 5.8 billion dollars, were down 3 percent because of lower average prices. However, higher prices held dairy receipts slightly above 1951, and receipts from poultry and eggs were only a little lower despite a 14-percent decline in average prices of eggs. Receipts from meat animals were down 6 percent.

Crop receipts in the four-month period totaled about 2.9 billion dollars, 17 percent more than last year despite slightly lower average prices. Receipts from wheat, cotton, soybeans, and vegetables were all substantially higher.

LIVESTOCK AND MEAT

Meat production for the rest of 1952 is expected to remain above last year. The percentage increase over 1951 will continue fairly large this spring and summer but probably will be smaller in later months of the year.

Commercial meat production in the first 3 months of 1952 was 8 percent larger than a year earlier, with production of lamb and mutton up 21 percent and pork 14 percent. Production of beef and veal was about the same as last year.

In months ahead, production of beef will exceed last year, lamb and mutton will show at most only a small gain, and pork will drop below 1951.

Major trends taking place in livestock production are a moderate restriction in that part produced from feed grains, and a further expansion in that produced from forage. From last September through the end of the season, fewer sows farrowed fall pigs than a year before, and an 8 percent reduction in the number to farrow spring pigs was planned by farmers. These cut-backs will be reflected in smaller marketings of hogs and production of pork the rest of 1952 compared with last year. Cattle on feed in the Corn Belt on April 1 were 3 percent above the previous April after having been up 6 percent on January 1. Numbers on feed in Western States also showed less increase over last year on April 1 than they had on January 1. Marketings of fed cattle this spring will be large and will likely exceed last spring. Marketings may continue to show some gain over 1951 through early to mid-fall but seem less likely to do so later.

Total marketings of all cattle, however, are expected to be larger the rest of 1952 than last year, with more cattle coming off grass. Cattle production has been expanding for several years and will result in increasing cattle slaughter and production of beef. Sheep production also is expanding, though more slowly than cattle. Marketings of lambs the rest of 1952 probably will average a little above a year before, but the gain will be much less than in the first 4 months when marketings reflected the increased number on feed.

General seasonal rises are in prospect for prices of meat animals the next two or three months, except for higher grades of cattle which may decline at the time of peak marketings. Opposite trends are likely to begin in late summer or early fall. Fed-cattle prices probably will rise seasonally but prices of other meat animals are more likely to decline seasonally with fall increases in marketings. Prices of cattle and lambs may remain below 1951, but hogs may average as high as or higher in the second half of 1952 than in the same period of last year.

The pig crop this fall is likely to be considerably smaller than the 1951 fall crop. The hog-corn price ratio has recently been below average and discouraging to production. Expected price increases will not appear soon enough to affect fall farrowings appreciably. If feed grain crops are average or better this year, hog production may be considerably more profitable next winter than in the past season.

In April the Department of Agriculture announced that it would offer to **buy** smoked pork products as a surplus removal measure. The products would be distributed through the National School Lunch Program and other eligible outlets. By April 22, 12 million pounds had been purchased.

DAIRY PRODUCTS

Demand for milk and dairy products probably will continue high through the remainder of 1952. Supplies of dairy products on the other hand, though seasonally large for the next few months, will be smaller for the rest of the year than in the corresponding period of 1951. Consequently, prices received by farmers for milk and butterfat for the rest of 1952 will average higher than a year earlier. Cash farm receipts from dairy products in 1952 will substantially exceed those of 1951 but dairymen's costs also will be greater.

Farmers began 1952 with 1 percent fewer cows than they had a year earlier. The production rate per cow was no greater, so that total milk flow so far in 1952 has been slightly less than a year earlier. For 1952 as a whole, milk production probably will be no greater than the revised production estimate of 115.8 billion pounds for 1951. Imports of cheese have been running less than a year earlier, reflecting in part the restrictions on that commodity. U. S. exports of most dairy products also are smaller than a year ago.

Stronger consumer demand this year in the face of smaller supplies per person is resulting in higher prices for all major dairy products, including fluid milk. In late April, wholesale prices of the different dairy products were the following percentages of a year earlier: butter 103; cheese 108; evaporated milk 103; dry whole milk 104; and dry skim milk 112. Prices for butter and cheese were slightly above the equivalent of USDA support levels for manufacturing milk and butterfat, and none of these products had been purchased up to the end of April. For the rest of 1952 demand for butter and cheese is likely to continue to exceed domestic supplies at support levels. Nonfat dry milk solids purchases were nearly 3 million pounds in April; the total for the year is likely to be down from 1951, when it was only one-seventh of the 1949-50 average.

Consumption of fluid milk apparently has continued to expand slightly, based on data for Federal order markets. Per capita consumption in 1952 may be slightly higher than in 1951 and about a sixth above the prewar average. Ice cream consumption also will show an increase this year, reflecting strong demand and no change in prices. Cheese and evaporated milk consumption are not likely to show much change but butter consumption will probably continue its downward trend and in 1952 may be as much as 45 percent below prewar.

The into-storage movement for dairy products has recently started in volume though at a slower rate than a year earlier. Current stocks of dairy products, in total, are considerably below those of a year ago, with stocks of butter near the lowest on record.

POULTRY AND EGGS

The increased number of young chickens on farms April 1, 9 percent above a year earlier, coupled with a somewhat larger number of layers suggest that egg production throughout 1952 will continue to exceed the corresponding 1951 output.

The increase in young chickens occurred even though the egg-feed price ratio so far in 1952 has been unfavorable. However, farmers' February intentions to raise 10 percent fewer chickens for laying flock replacement, may still be achieved by an adjustment in the late-season hatch. But this would not reduce the number of layers below a year earlier until about the beginning of 1953.

Prices received by farmers for eggs so far in 1952 have averaged 15 percent below a year earlier. Although still low compared with last year, egg prices rose in early April, just before Easter, to their highest levels in more than 2 months. A decline followed but the mid-April price received by farmers, at 35.2 cents per dozen, exceeded the February and March prices of 34.6 and 33.9 cents respectively, and compared with 40.5 cents in January. With production likely to continue above last year, egg prices are likely to continue below 1951 levels the rest of 1952.

The Production and Marketing Administration on April 9 announced an egg purchase program that may reach a maximum of 500,000 cases of shell eggs. Purchases are being limited to quantities that can be used in school lunches and similar outlets. The first offers under the program were considered on April 29, and resulted in no purchases. Offers will be considered each week through May, and the eggs so purchased will be stored before June 1, and delivered to the Government in September, October, November, and December. The program, which involves only shell eggs, is not intended to achieve any specified level of producer prices. In this respect it differs from Government egg purchase programs in recent years, in which dried eggs were bought in order to achieve specified price objectives. Dried egg purchases in 1950 were equivalent to 8 million cases of shell eggs, and in 1949, 6 1/2 million. These operations were on a far larger scale than is contemplated by the present operation.

FATS, OILS AND OILSEEDS

Prospects this spring indicate that the supply of edible fats and oils in 1952-53 may be about the same as in the current marketing year, as a somewhat lower production is offset by larger stocks at the beginning of the year. Production of edible vegetable oils in the coming marketing year may be at a record or near-record level, but output of edible animal fats, especially lard, will fall below that of the current marketing year. The outlook for edible vegetable oils assumes that farmers' planting intentions for soybeans are realized, that the USDA production goal for cotton is attained and that weather conditions are average or above.

Domestic disappearance of fats and oils in the first half of the present marketing year (October 1951-March 1952) has been less than in the comparable period a year earlier, but in the second half of 1951-52 is likely to be greater than the year before. Disappearance for the entire year will not differ substantially from a year earlier.

Prices of practically all fats and oils continued to decline in April--prices of inedible tallow and greases are below their 1937-41 average--as supplies were more than adequate to meet all requirements. Stocks of primary food fats on April 1 (the latest date for which data are available) totaled 1,132 million pounds, 46 percent more than the year before and the largest for many years. The index of wholesale prices of major fats and oils except butter in April averaged about 50 percent of the 1947-49 average compared with 55 in March and 107 a year earlier.

Exports for the first 5 months of the current marketing year totaled more than a year ago, mainly as a result of a substantial increase in lard and inedible tallow and greases. Exports this spring and summer are expected to be smaller than the extremely large quantity exported last year. The present olive oil crop in the Mediterranean Basin is the largest in many years, in contrast with the extremely short crop last year. Also, the 1951 Nigerian peanut crop was much larger than the 1950 crop. Exports of fats, oils and the oil equivalent of oilseeds in 1951-52 may be somewhat less than the record 2.3 billion pounds achieved the year before, but still at a high level.

It was announced in April that price support loans on 1952-crop cottonseed will be available at \$66.40 per ton for basis grade (100) cottonseed. As in the current marketing year, prices for cottonseed will be supported by means of loans, purchase agreements, and purchases of cottonseed and cottonseed products. In areas where a purchase program may be necessary, purchases will be made at \$62.40 a ton basis grade (100). These supports are 90 cents per ton higher than for the 1951 crop. Both soybeans and cottonseed are being supported at prices which reflect 90 percent of their November 15, 1951 parity price.

Price ceilings on the following items were suspended effective April 28 (CPR 6, amendment 13, dated April 25); crude soybean, cottonseed and corn oils, tallows and greases, fat-bearing and oil-bearing animal waste materials, lard when sold by processors and vegetable oil soapstocks. In addition, this amendment revises downward ceiling prices on crude cottonseed, corn and soybean oils and establishes dollar-and-cents ceilings on lard. Present market prices for these items are substantially below ceilings, but if prices should rise to certain designated levels (below their ceilings) then controls would be reimposed.

CORN AND OTHER FEEDS

The supply of feed grains in prospect for 1952-53 may be smaller than for the current feeding season according to indications in early March. Slightly larger production of feed grains would be realized if yields are average on 1952 prospective acreages. This, however, probably would be more than offset by reduced carry-over stocks into 1952-53, which would mean a somewhat smaller total supply of feed grains. The number of grain-consuming livestock also is expected to be down slightly, principally as a result of a prospective reduction in hogs. The prospective supply of feed grains and other concentrates per animal unit is about the same as in 1951-52, but moderately smaller than during the years, 1948-50. These indications point to a continuation of a fairly tight feed supply situation during the coming feeding season.

During the current season feed grain prices have been above the support levels, although they have remained below parity, the legal minimum at which ceilings can be imposed. The support price for 1952 corn has been set at 90 percent of parity at the beginning of the marketing season, but not below \$1.60 per bushel. The support price for the 1951 crop was \$1.57. Support prices for the other feed grains also are higher than in 1951. The 1952 growing season will be an important factor influencing feed grain prices this summer and in the 1952-53 feeding season. Unless the growing season is unusually favorable, feed grain prices probably will remain generally above supports in 1952-53.

In April, market prices of feed grains continued near the March level. The index of prices received for feed grains in mid-April was a little lower than the high level reached last December, but slightly higher than a year earlier. Prices of most of the high-protein feeds have remained at ceiling levels during the past few months. Prices of soybean meal and a number of other protein feeds have increased in recent weeks as processors took advantage of upward adjustments in the price ceilings.

Stocks of corn, oats, and barley in all positions on April 1 totaled about 55 million tons, 16 percent smaller than on that date last year. Disappearance of corn during the January-March quarter was 13 percent greater than a year earlier and the heaviest in recent years, reflecting heavy feeding of high moisture corn, especially in the Western Corn Belt. Stocks of corn in all positions on April 1 were 17 percent less than a year earlier and the smallest since 1948. Smaller stocks of corn available for the last half of the current marketing season probably will mean a comparatively tight corn supply situation later this spring and during the summer months. The carry-over on next October 1 is expected to be around 40 percent below the 739 million bushels carried over last year. April 1 stocks of oats and barley also were less than a year earlier, and smaller carry-over stocks of these grains are in prospect for next July 1. The total carry-over of four major feed grains into 1952-53 may be around 10 million tons short of the 28.7 million tons carried over last year.

WHEAT

Another large wheat crop is in prospect this year if growing conditions until harvest are about average. The winter wheat crop was estimated at 947 million bushels in early April. If farmers should plant the acreage indicated by their March 1 intentions and yields by States are average, the spring wheat crop of about 1,254 million bushels. With the carry-over on July 1, 1952 expected to total about 270 million bushels and imports of feeding quality wheat from Canada possibly 40 million bushels, the total supply for 1952-53 would approach the 1,600 million bushels in 1952 and 1943.

Domestic disappearance of wheat in the 1952-53 marketing year may total about 735 million bushels, 30 million more than in the current marketing year. Increased feeding of wheat to livestock is expected to account for most of the gain over 1951-52. Exports in the 1952-53 marketing year may be down about one-sixth from the 450 million bushels estimated for the current marketing year. U. S. exports currently reflect the short Southern Hemisphere wheat crop. Assuming exports of about 375 million bushels, the carry-over on July 1, 1953 would be about 450 million bushels. This would be well above the carry-over expected on July 1, 1952 and above average.

Prices for the 1952 wheat crop will be supported at 90 percent of the parity price at the beginning of the 1952-53 marketing year, but not less than a national average of \$2.17 per bushel, as announced in August 1951. If parity on July 1, 1952, the beginning of the marketing year, should be the same as on April 15, the support price would be about \$2.21. With production about as large as now indicated, prices to farmers will fall below the loan level after harvest. But since demand is likely to continue strong, prices for the year should average near the announced loan level as they did in 1951-52.

Prices received by farmers for wheat on April 15 averaged \$2.18, equal to the loan on the 1951 crop, 2 cents below a month earlier, and 4 cents above a year earlier. On April 30, the price of No. 2 Hard Winter, ordinary, protein, in Kansas City was \$2.47, which was 3 cents below a month earlier, 20 cents above the low reached on July 25, 1951, and 12 cents below

the season's high reached on December 10. Prices at Kansas City were only about 3 cents above the 1951 crop loan; the difference was not sufficient to cover accrued charges. At Portland, the market was 8 cents above the loan, but at Minneapolis and St. Louis it was 6 and 8 cents, respectively below the loan. After about mid-May wheat prices usually adjust to new-crop conditions.

FRUIT

Grower prices for the 1952 deciduous crop may average a little lower than in 1951. Demand is expected to be about the same as last year but early-season prospects indicate another large crop of deciduous fruits, and carry-over stocks of canned fruits are large. But during late spring, grower prices for the remaining small stocks of 1951-crop apples and pears are expected to continue higher than a year earlier. Except possibly for lemons, citrus prices probably will continue lower than in the spring of 1951.

The 1952 peach crop in the 10 Southern early States will be somewhat larger than the average-size 1951 crop if April crop expectations are realized. The mid-spring crop of strawberries, most of which will be harvested in May, is expected to be slightly larger than the big 1951 crop. Acreage of the late-spring crop, for which production figures will become available in May, is slightly larger than the 1951 acreage. Both shipping point and New York City and Chicago wholesale prices for Louisiana strawberries in early April were moderately higher than comparable 1951 prices. Production in this important early-spring State is considerably smaller than in 1951.

Cold storage holdings of apples on March 31, 1952 were much smaller than on that date in 1951 and moderately smaller than average for March 31. Stocks of pears were less than half the near-average stocks of a year earlier. Even though grower prices for apples and pears in March averaged considerably above March 1951, some further increase seems likely this spring for the remaining small stocks.

Total supplies of oranges remaining to be marketed after mid-April, 1952, were slightly smaller than a year earlier. But remaining supplies of grapefruit were slightly larger. Movement of Florida oranges to processors, especially makers of frozen orange concentrate, was much heavier during March and early April than comparable movement in 1951. As a result output of frozen orange concentrate by early April was more than twice that of comparable output in 1950-51. Output of canned single-strength orange juice and grapefruit juice was running much smaller than in the same part of the 1950-51 season.

In mid-April, packers' stocks of canned single-strength orange juice and grapefruit juice in Florida were about the same as a year earlier; but wholesale distributors' stocks of these items were considerably smaller than a year earlier. Cold-storage holdings of frozen orange juice, in the United States, mostly concentrate from Florida oranges, were about twice as large on March 31, 1952, as on that date in 1951. Cold-storage stocks of frozen deciduous fruits and berries were about 4 percent smaller. On April 1, 1952, total stocks of major canned fruits held by packers and wholesale distributors were about one-fifth larger than comparable stocks a year earlier.

Set-asides of 1952-pack canned fruits for defense use were established effective April 3, 1952, by the United States Department of Agriculture. Fruits covered are apples, applesauce, apricots, blackberries, blueberries, red sour pitted cherries, sweet cherries, Kadota figs, fruit cocktail, peaches, Bartlett pears, purple plums, and pineapple. Total set-aside requirements of these canned fruits, amounting to a little over 5 million cases (equivalent 24 No. 2 1/2 cans), are substantially lower than those of 1951. Supplies remaining for civilians are expected to be adequate to continue the 1951 rate of consumption.

COMMERCIAL TRUCK CROPS

For Fresh Market

Demand for fresh vegetables is expected to continue strong throughout 1952. Prices received by farmers for commercial truck crops grown for fresh market will depend in part upon the quantities produced and in part upon the timing of shipments to market. If quantities available are about the same as last year, and if marketings are distributed in the normal seasonal pattern, prices received should compare favorably with those received a year earlier. Cool weather has caused some delay in development of spring crops, and if subsequent weather proves to be unusually warm, there could be some undesirable bunching of shipments later on.

Incomplete reports point to aggregate spring supplies of commercial truck crops slightly below those available last spring, but slightly above the 10-year average. Substantially larger tonnage available this year than last is indicated for early spring onions (the 1951 crop was unusually low), lettuce, and cabbage, and spring carrots. On the other hand, sharpest reductions in spring tonnage from last year are expected in celery, cucumbers, tomatoes, snap beans, green peppers and cauliflower.

Intentions-to-plant reports point to the likelihood of about 7 percent more acreage in watermelons for early summer harvest this year than last, and increases of 3 and 6 percent in acreages of Domestic and Danish type cabbage for early fall harvest.

For Commercial Processing

Total demand for vegetables to be canned or frozen by commercial processors is expected to be somewhat less strong this year than last, since last year's successful operations enabled processors to meet the military requirements involved in initial filling of supply "pipelines," as well as to replenish stocks in normal commercial channels. Though the general level of prices paid to farmers this year by commercial processors is expected to remain relatively high, prices probably will average slightly lower than in 1951. Some reduction in aggregate acreage and tonnage devoted to processing is expected this year. 1952 acreage goals suggested by the USDA called for decreases from 1951 in acreage planted for lima beans, tomatoes and snap beans, increased acreage of beets and cabbage with little change for other processing crops. Production would be lower than indicated by suggested acreages if only average yields are assumed.

Largest acreage change yet indicated is for sweet corn, for which an increase of about 8 percent in acreage planted appears probable. About a 2 percent increase in acreage of green peas for processing is indicated, and a 2 percent decline in acreage of snap beans planted for processing. Kraut packers expect to plant or have under contract about 10 percent more acres of cabbage for kraut than last year, in addition to whatever cabbage is acquired by open market purchases.

A set-aside order has been issued again this year covering certain canned vegetables, but the percentage required to be set aside for defense purposes, amounting to about 8.5 percent of the average annual pack in 1949 and 1950 is only about half the percentage required last year for most items; and no significant difficulty in obtaining the supplies is anticipated.

POTATOES AND SWEETPOTATOES

No great change in per capita consumption of potatoes is expected in 1952 compared with 1951, barring a crop failure. On the basis of farmers' planting intentions in March and assuming recent average yields, a slight increase in total supplies in 1952 would occur. If this prospect were realized, not much decline from the relatively high prices of 1951 could be expected in the 1952 crop season. However, relatively high prices and the fact that the March intentions report indicated a small acreage may encourage farmers to plant a larger acreage.

In past years, high prices received for one year's potato crop usually were followed by an increase in acreage the following year. Some of the factors which may be offsetting the price influence this year are: marketing difficulties in recent years of surplus, unfavorable weather and yields in some areas last year, high cost of seed, labor and other production factors, and a continuation of the down trend in acreage grown primarily for home use.

Little improvement in the abnormally short supply situation for sweetpotatoes is expected in the 1952 crop season, on the basis of the March intentions to plant. Farmers apparently plan to increase acreage only about 5 percent over last year. With normal yields, such acreage would produce appreciably more sweetpotatoes than the 1951 crop, but prices probably would remain relatively high. Heavy labor requirements of sweetpotatoes and the apparent opportunities afforded by alternate cash crops are working against an increase in sweetpotato acreage this year. Market supplies probably will be increased over last year somewhat more than would be indicated by the possible increase in the total crop, since prospective acreage increases are larger in the commercial areas of Louisiana and Texas than in other States. Demand for 1952 crop sweetpotatoes is expected to be as strong as demand for the 1951 crop, but some slackening in price can be expected if supplies increase substantially.

DRY BEANS AND PEAS

Demand for dry edible beans and dry field peas is expected to continue high throughout 1952 and prices may rise. Acreage of dry beans in line with farmers' March intentions and average yields, would result in a crop substantially smaller than in 1951, and some further reduction in carry-over stocks.

Similar projections of farmers' March intentions to plant dry peas, with average yields, indicate a smaller crop of dry peas in 1952. Some increase in prices for dry peas probably would follow production of a smaller crop. The price increase probably would be moderate, however, since supplies would be nearly in line with expected demand for dry peas.

COTTON

Mill consumption of cotton from August through March was running at the annual rate of about 9.5 million bales, or at an average daily rate of 37.2 thousand bales. However, the daily rate during March was 36.8 thousand bales, down more than seasonally from the rate of 39.1 thousand bales for February. Consumption for the current season may be as much as 300 thousand bales below this projected 9.5 million bales.

Exports of cotton for the 1951-52 marketing year are expected to approach 6 million bales. In the first 7 months of the marketing year exports totaled 4,137 thousand bales. This is 60 percent larger than for the same months of the preceding marketing year when exports were restricted by allocation and 35 percent larger than for the same period of the 1949-50 marketing year. The large volume of cotton exports during the August-February period was largely due to the relatively high price of competitive types of foreign-grown cotton and to large Export-Import Bank loans to foreigners for the purchase of cotton during the last three months. Prices of foreign growths have fallen sharply and exporting countries other than the United States are having difficulty in selling their cotton.

Disappearance of cotton in the United States during the 1951-52 crop year may be as much as 15.5 million bales, 5 percent larger than in 1950-51. The supply of cotton in the U. S. for the 1951-52 marketing season is estimated at 17.4 million bales. This includes ginnings from the 1951 crop of 15 million bales, imports of 100 thousand, and a beginning carry-over of 2.3 million. Estimates of supply and distribution indicate that the U. S. carry-over on August 1, 1952 may be the smallest in 26 years.

Cotton prices have been relatively steady for the past few weeks. The average 10 spot market price for Middling 15/16 inch cotton fluctuated between 38.12 and 42.11 cents per pound and averaged 40.72 cents in April as compared to an average of 45.17 cents in April 1951. The price received by farmers was about 2 percent above the preceding month and the parity price was 34.35 cents per pound as compared with 34.47 cents in February and March.

Consumption of linters during March was 107.5 thousand bales as compared with 120 thousand in February and 125.5 thousand in March 1951. Exports of linters from August 1 through February were 82 percent higher than during the same period last season. However, during 1950-51, export allocations drastically limited the shipment of linters to foreign countries. From August 1 to April 4, 201,781 bales were licensed for export. These licenses do not include 6.3 thousand bales shipped to Canada through February, as exports to Canada do not have to be licensed. Exports for the entire season may total 225 thousand bales.

Producers' stocks of rayon and acetate continue to accumulate and have set new records each month since October 1951. At the end of March these stocks were 119.7 million pounds. During March the rayon and acetate industry ran at only 65 percent of capacity. This reflects the slow demand for rayon fabrics indicated by recent trade reports.

WOOL

Prices of wool in domestic and foreign markets have declined sharply since March 1951. At the Australian auctions early in April prices were about the same as at mid-March 1952 but ranged from 55 to 65 percent below the record levels of March 1951. At the opening post-Easter auctions, prices in Australia advanced about 10 percent. Prices received by growers in mid-April averaged 49.9 cents per pound, grease basis, 83 percent of parity and 62.1 cents below the record reached in March 1951.

The Office of Price Stabilization suspended price controls, effective April 28, in greasy wool, scoured wool, wool top, wool noils, alpaca fleece, alpaca top, alpaca noils, raw and processed wool waste, and wool futures transactions. Controls will be reimposed, however, if the price of wool futures for the nearby month reaches 92.36 cents a pound, clean basis.

The decline in wool prices since early last year reflects a sharp drop in mill demand for raw wool following a period of heavy war-scare buying. Civilian purchases of wool goods have been at a low level, large inventories of semi-manufactured and manufactured goods in manufacturing and distribution channels are being reduced, and military ordering has been at a rate substantially lower than that of early last year. Substitution of other materials for wool increased. As a result, domestic woolen and worsted mills consumed 14 percent less apparel wool last year than the year before, even though the quantity of wool used in the manufacture of military items was several times that of the year before.

The average weekly rate of consumption during January of this year was the lowest since early 1949. Consumption through February of this year, 54 million pounds, scoured basis, was 23 percent below that of the same months of last year. Use of carpet wool during 1951 was about half that of 1950, and the 21 million pounds used in the first two months of the year were about 31 percent below that of the same months of 1951. Consumption of both apparel and carpet wool during the last half of 1951 was substantially lower than during the first half of the year. This decline has not been limited to the United States--world consumption last year is estimated to have been 20 percent below 1950 and less than production for the first time since the end of World War II.

Demand for wool probably will strengthen as inventories become more nearly in line with sales. Domestic mill consumption of apparel wool this year probably will not differ greatly from the quantity used last year.

World supply of wool this season is just about the same as for the 1950-51 season, as a small increase in production about offset a slight decrease in carry-over. However, during the remainder of the season the quantity of wool available for export from the Southern Hemisphere surplus-producing countries, particularly Argentina and Uruguay is considerably larger than at this time last season.

Imports of apparel (dutiable) wools for consumption through February totaled 40 million pounds, clean basis, about 13 million pounds less than during the same months of 1951. Imports for 1951, the highest since 1946, totaled 272 million pounds, about 9 percent more than the year before with those of the first half of the year 1.5 times the second half. Imports of carpet (duty-free) wools through February of this year, at 15 million pounds, were 40 percent below those of the same months of 1951. Imports during the first half of last year were three times those of the second half, but the total for the year was only about 40 percent of the year before.

TOBACCO

Domestic demand for cigarette tobacco from the 1952 crop is expected to be as strong as last season. During the first quarter of 1952, United States cigarette consumption at about 92 billion was nearly as large as in the same period of 1951 and higher than any other previous first quarter total. Also, during the early months of this year, shipments of cigarettes overseas continued at a high level. The total output of cigarettes in 1952 seems likely to be as high as or perhaps a little higher than the record 419 billion output of 1951.

Flue-cured Burley, and Maryland tobacco are used in cigarettes. The carry-over of flue-cured and Burley at the beginning of the 1952-53 marketing year will be moderately higher than a year earlier. Acreage allotments for flue-cured and Burley are practically the same as last season; and if yields are about the same as the average for recent years, the 1952-53 total supply will be 4 or 5 percent above the 1951-52 level. Flue-cured and Burley tobacco will have Government price supports at 90 percent of parity. Announced minimum levels at which this year's flue-cured and Burley crops will be supported are 50.6 and 49.5 cents per pound, respectively. These will be raised if parity prices are higher at the beginning of the marketing year (July 1 for flue-cured and October 1 for Burley). The announced minimum price supports are very slightly less than the 1951 support levels.

The Maryland tobacco auctions for the 1951 crop opened on May 6. The 1951 crop estimated at nearly 43 million pounds is the second largest on record and stocks are at a high level. Farmers' intentions on March 1 indicated that the 1952 tobacco acreage will be about 2 percent below last

year's harvested acreage. Quotas and acreage allotments are not in effect on Maryland tobacco and the 1951 and 1952 crops will not receive Government price support.

The 1952 acreage of fire-cured and dark air-cured tobacco are expected to be roughly the same as last season. The carry-over of these types at the beginning of the 1952-53 marketing year may be a little lower than a year earlier, but supplies will be generally adequate. The major domestic outlet for fire-cured is snuff and for dark air-cured, is chewing tobacco. Snuff consumption in the first quarter of 1952 was 2 percent higher than in the same period of 1951. Indications are that use of chewing tobacco has been running about the same as in early 1951. Fire-cured and dark air-cured tobacco will receive Government price support at 75 and 66 2/3 percent of the Burley loan level, respectively.

The demand for Pennsylvania filler was relatively weak this past season and the 1952 acreage will probably be down 10 percent. Except for Connecticut Broadleaf, farmers' intentions on March 1 indicated less acreage of the major binder types this year than last. Also, a smaller acreage of shade-grown wrapper is indicated. Tax-paid withdrawals of large cigars during the first quarter of 1952 was about 5 percent above the first quarter of 1951.

The 1952 exports of United States tobacco will be moderately lower than the 522 million pounds in 1951. Export demand for the 1952 crop will not be as strong as last season inasmuch as Britain, the most important single export outlet, will be buying less. Britain is reducing imports from dollar areas as one means of reversing the downward trend in her gold and dollar reserves. Some other countries that take substantial quantities of United States tobacco have improved their gold and dollar position in the past year and probably will take as much as or perhaps more than they did in 1951. Flue-cured is the major export tobacco and accounted for 83 percent of total tobacco exports in 1951. However, for several types other than flue-cured, exports provide an outlet for a significant share of production.

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